

Message Text

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44

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 AGR-10

FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 /129 W

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R 072210Z OCT 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 1387

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY PANAMA

AMEMBASSY BOGOTA

AMEMBASSY QUITO

UNCLAS TEGUCIGALPA 4382

GUATEMALA FOR ROCAP

E.O. 11652:NN/A

TAGS: INCO, ECIN, EFSE, HO

SUBJECT: ECONOMIC DEVELOPMENTS, A HONDURAN OFFICIAL'S VIEW

1. IN A PRESS INTERVIEW BENJAMIN VILLANUEVA, A DIRECTOR IN MINECON, AND HIGH LEVEL COMMITTEE REPRESENTATIVE, RESPONDED TO QUESTIONS CONCERNING PETROLEUM, BANANAS AND CENTRAL AMERICAN INTEGRATION.

2. VILLANUEVA STATED THAT AN INCREASE OF LOCAL PETROLEUM PRODUCT PRICES IS INEVITABLE, BUT THAT THE NEW LEVEL AND COMPOSITION OF PRICE CHANGES CANNOT YET BE DETERMINED. VILLANUEVA LAMENTED THE FACT THAT HONDURAS IS UNABLE TO INFLUENCE THE ACTIONS OF THE
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OPEC COUNTRIES OR THE INTERNATIONAL OIL COMPANIES. THE GOH IS

EXAMINING VARIOUS ALTERNATIVES CONCERNING LOCAL PRODUCT PRICE INCREASES THAT WILL RESPOND TO CRITERIA OF EQUALITY AND HAVE THE LEAST REPERCUSSION UPON PRODUCTIVE ACTIVITIES. VILLANUEVA IS QUOTED AS SAYING "MY OPINION IS THAT INTERNATIONAL SOLIDARITY OUGHT TO BE DEMONSTRATED WITH POSITIVE ACTIONS AND NOT ONLY WITH SPEECHES AND STEREOTYPED PHRASES. UNTIL NOW I DO NOT BELIEVE THERE HAS BEEN A TRUE IDENTIFICATION OF OPEC WITH THE DEVELOPING COUNTRIES SUCH AS HONDURAS AND THIS LACK OF IDENTIFICATION AFFECTS US EACH TIME MORE SERIOUSLY. I CANNOT BE IN AGREEMENT WITH THE POLICY OF OPEC TOWARDS OUR COUNTRIES."

3. VILLANUEVA SAID THE HONDURAN LAW ESTABLISHING THE BANANA CORPORATION (COHDELBAN) WILL BE PUBLISHED SOON. IT WILL PROVIDE AN INCREASING PARTICIPATION OF THE GOVERNMENT OF HONDURAS IN ALL THE PHASES OF PRODUCTION, INTERNATIONAL TRANSPORT AND MARKETING OF BANANASM. IN RESPONSE TO A QUESTION AS TO WHETHER THE ROPORATION WILL AFFECT THE FOREIGN INVESTMENTS IN HONDURAS, VILLANUEVA STATED HIS PERSONAL OPINION THAT IT WILL AFFECT THOSE INVESTMENTS BUT IN A POSITIVE SENSE BECAUSE THE "RULES OF THE GAME" WILL BE CLEAR AND PRECISE UNDER WHICH THE INTERNATIONAL BANANA CORPORATIONS WILL BE ABLE TO OPERATE. ASKED IF HE WOULD BE NAMED PRESIDENT OF THE NEW BANANA CORPORATION, VILLANUEVA RESPONDED THAT HE WOULD ANSWER THAT QUESTION ON A LATER DATE.

4. CONCERNING CENTRAL AMERICAN INTEGRATION, VILLANUEVA SEES IT AS A NECESSITY IN ORDER TO PROMOTE ECONOMIC AND SOCIAL DEVELOPMENT OF HONDURAS. HOWEVER, IN ORDER TO PARTICIPATE FULLY IN THE SCHEME DUE REGARD MUST BE HAD FOR WHAT THE CHIEF OF STATE HAS CALLED THE "NEW DCONOMIC AND SOCIAL ORDER" AND IN THE SECOND PLACE THAT THE HONDURAN/SALVADORAN DISPUTE BE RESOLVED WITH THE INITIATIVE TAKEN RECENTLY BY HONDURAS IN THE OAS. "IT IS NOW NECESSARY FOR THE GOVERNMENT OF SALVADOR TO RESPOND." VILLANUEVA STATED THERE WOULD BE AN INFORMAL MEETING OF THE HIGH LEVEL COMMITTEE THIS WEEK WHICH WOULD SEEK TO ADOPT A DDFINITIVE DECISION WHICH WOULD PERMIT ACCELERATION TOWARD COMPLETION OF THE NEW INTEGRATION TREATY. SHULER

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